accommodations for a city with twice the population of lyondon. The feeling of affluence which such figures caused had encouraged the creation of a public debt of about ^£34 per head, almost exactly twice the enormous public debt of the United Kingdom.

Stubborn facts did not bear out these inflated valuations and the adoption of the protective policy in a country where manufacturing had hardly been born added to the fetters upon consumption, whatever might be expected from its final results in developing native industries. The revision of the tariff in 1892 was made with the avowed purpose of obtaining additional revenue to meet the charges on the foreign debt, but its results were to reduce the customs receipts for the fiscal year 1893 by about ,£250,000. Warnings against the land boom were given several years before the crisis of 1893, but many of the banks had plunged in so deep and tied up so large a proportion of their assets in landed security that they dared not take a backward step. Advances once made on land were increased in proportion to the fictitious value reached by speculation, the discount on the added loan was deducted from the new advance to the borrower, and this actual increase in the risk of the bank was carried to the fictitious account of earnings and profit.[1]

A large proportion of the British deposits which had been secured through agents were owned in Scotland and fell due on the half yearly term days. Every half year represented a critical point in Australian banking and none looked more critical as it drew near than the Whitsunday term of 1893. The danger was so threatening, that some of the banks would be compelled to suspend, by demands from Scotland, that Australian depositors began to withdraw their accounts and thus brought about the collapse which might otherwise have been again postponed. The signal of the actual crash came on January 29th, when the Federal Bank of Melbourne failed. It was a new institution, with limited capital, long looked upon with distrust by the older banks, and a strong

[1] Sydney J. Murray, London *Bankers[1] Magazine,* Oct., 1895,